

**N. C. HOUSE OF REPRESENTATIVES  
APPROPRIATIONS COMMITTEE**

**REPORT  
ON THE  
CONTINUATION, EXPANSION  
AND CAPITAL BUDGETS**

**Committee Substitute for House Bill 200**

**THIS REPORT INCLUDES ALL AMENDMENTS ADOPTED ON  
APRIL 27, 2011.**

**April 28, 2011**

**SUMMARY:**

**GENERAL FUND  
APPROPRIATIONS**

## General Fund Availability Statement

	FY 2011-12	FY 2012-13
Unappropriated Balance Remaining		123,227,971
Ending Unreserved Fund Balance for FY 2009-10	236,902,394	0
Anticipated Reversions for FY 2010-11	537,740,799	0
Anticipated Overcollections from FY 2010-11	156,300,000	0
Repayment of Medicaid Receipts in FY 2010-11	(125,000,000)	0
<b>Statutory Earmarks:</b>		
Savings Reserve Account	(201,485,798)	0
Repairs and Renovations Reserve Account	(201,485,798)	0
<b>Beginning Unreserved Fund Balance</b>	<b>402,971,597</b>	<b>123,227,971</b>
<b>Revenues Based on Existing Tax Structure</b>	<b>18,129,800,000</b>	<b>19,181,900,000</b>
<b>Non-tax Revenues</b>		
Investment Income	59,400,000	76,700,000
Judicial Fees	217,800,000	217,800,000
Disproportionate Share	100,000,000	100,000,000
Insurance	71,400,000	73,500,000
Other Non-Tax Revenues	182,500,000	182,500,000
Highway Trust Fund/Use Tax Reimbursement Transfer	41,500,000	27,600,000
Highway Fund Transfer	20,230,000	24,080,000
<b>Subtotal Non-tax Revenues</b>	<b>692,830,000</b>	<b>702,180,000</b>
<b>Total General Fund Availability</b>	<b>19,225,601,597</b>	<b>20,007,307,971</b>
<b>Adjustments to Availability: 2011 Session</b>		
Loss of Estate Tax (nonrecurring)	(57,100,000)	(72,200,000)
Reserve for Finance Committee	(230,000,000)	(405,000,000)
Repeal Wildlife Resources Commission Sales Tax Earmark	22,970,000	23,920,000
Suspend Corporate Income Tax Earmark (Public School Construction)	72,110,000	74,750,000
Increase in Judicial Fees	57,319,466	57,319,466
Redirect Dispute Resolution Fee	(205,535)	(205,535)
Transfer from E-Commerce Reserve Fund	4,483,526	0
Divert Funds from Parks & Recreation Trust Fund	8,435,000	0
Divert Funds from Recreational/ Natural Heritage Trust Fund	8,000,000	0
Transfer from Commerce - Enterprise Fund	500,000	0
Transfer from Highway Fund for State Highway Patrol	193,527,300	190,394,000
Transfer from Mercury Prevention Pollution Fund	250,000	0
Divert Funds from Scrap Tire Disposal Account	2,268,989	0
Divert Funds from White Goods Management Account	1,951,465	0
Diversion of Golden LEAF Funds	67,563,760	67,563,760
Tobacco Master Settlement Agreement Funds	16,585,466	16,697,818
Department of Revenue - Accounts Receivable Program	15,000,000	15,000,000
Medicaid Disproportionate Share Receipts	15,000,000	15,000,000
<b>Subtotal Adjustments to Availability: 2011 Session</b>	<b>198,659,437</b>	<b>(16,760,491)</b>
<b>Revised General Fund Availability</b>	<b>19,424,261,034</b>	<b>19,990,547,480</b>
Less General Fund Appropriations	(19,301,033,062)	(19,505,349,072)
<b>Unappropriated Balance Remaining</b>	<b>123,227,971</b>	<b>485,198,408</b>

# SUMMARY OF GENERAL FUND APPROPRIATIONS

2011 Legislative Session: Fiscal Year 2011-12

	Gov's Recommended Continuation Budget	Legislative Adjustments			FTE Changes	Revised Appropriation 2011-12
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
<b>Education</b>						
Community Colleges	1,102,475,214	(103,456,354)	(7,500,000)	(110,956,354)	(25.00)	991,518,860
Public Education	7,923,543,951	(622,587,068)	(136,464,826)	(759,051,894)	(85.00)	7,164,492,057
University System	2,887,492,464	(413,663,591)	(33,453,741)	(447,117,332)	309.80	2,440,375,132
<b>Total Education</b>	<b>11,913,511,629</b>	<b>(1,139,707,013)</b>	<b>(177,418,567)</b>	<b>(1,317,125,580)</b>	<b>199.80</b>	<b>10,596,386,049</b>
<b>Health and Human Services</b>						
Central Management and Support	70,229,335	(23,675,913)	5,599,390	(18,076,523)	(38.00)	52,152,812
Aging and Adult Services	37,419,667	(400,000)	0	(400,000)		37,019,667
Blind and Deaf / Hard of Hearing Services	8,389,110	(500,000)	0	(500,000)	(15.00)	7,889,110
Child Development	261,759,600	10,695,977	(6,352,644)	4,343,333		266,102,933
Health Service Regulation	17,925,590	0	(1,792,559)	(1,792,559)		16,133,031
Medical Assistance	3,314,539,538	(340,004,970)	(16,146,384)	(356,151,354)	(30.00)	2,958,388,184
Mental Health, Dev. Disabilities and Sub. Abuse	723,675,112	(13,332,315)	(45,000,000)	(58,332,315)	(7.00)	665,342,797
NC Health Choice	88,373,806	(8,921,489)	0	(8,921,489)		79,452,317
Public Health	161,930,589	(4,391,755)	0	(4,391,755)	(25.00)	157,538,834
Social Services	202,245,063	(17,167,995)	0	(17,167,995)	(2.00)	185,077,068
Vocational Rehabilitation	41,252,238	(2,058,522)	(2,067,928)	(4,126,450)	(5.00)	37,125,788
<b>Total Health and Human Services</b>	<b>4,927,739,648</b>	<b>(399,756,982)</b>	<b>(65,760,125)</b>	<b>(465,517,107)</b>	<b>(122.00)</b>	<b>4,462,222,541</b>
<b>Justice and Public Safety</b>						
Correction	1,421,644,768	(68,947,089)	(12,495,520)	(81,442,609)	(538.60)	1,340,202,159
Crime Control & Public Safety	34,175,427	188,453,584	0	188,453,584	2,236.75	222,629,011
Judicial Department	477,189,575	(40,665,028)	3,228,216	(37,436,812)	(289.00)	439,752,763
Judicial - Indigent Defense	122,770,246	(13,416,672)	0	(13,416,672)	(11.40)	109,353,574
Justice	89,670,944	(7,692,907)	(160,125)	(7,853,032)	(91.31)	81,817,912
Juvenile Justice & Delinquency Prevention	151,295,187	(19,294,208)	3,861,900	(15,432,308)	(275.60)	135,862,879
<b>Total Justice and Public Safety</b>	<b>2,296,746,147</b>	<b>38,437,680</b>	<b>(5,565,529)</b>	<b>32,872,151</b>	<b>1,030.84</b>	<b>2,329,618,298</b>

# SUMMARY OF GENERAL FUND APPROPRIATIONS

2011 Legislative Session: Fiscal Year 2011-12

	Gov's Recommended Continuation Budget	Legislative Adjustments			FTE Changes	Revised Appropriation 2011-12
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
<b>Natural and Economic Resources</b>						
Agriculture and Consumer Services	61,754,014	(3,152,250)	4,384,183	1,231,933	(10.00)	62,985,947
Commerce	38,907,381	(6,996,370)	16,815,599	9,819,229	(20.00)	48,726,610
Commerce - State Aid	31,169,289	(9,814,556)	10,021,899	207,343		31,376,632
Environment and Natural Resources	188,972,401	(36,697,789)	10,756,188	(25,941,601)	(207.57)	163,030,800
Clean Water Mgmt. Trust Fund	100,000,000	(90,000,000)	0	(90,000,000)		10,000,000
Labor	16,842,679	(999,748)	0	(999,748)	(9.00)	15,842,931
NC Biotechnology Center	19,501,900	(1,950,190)	0	(1,950,190)		17,551,710
Rural Economic Development Center	22,640,814	(2,264,085)	0	(2,264,085)		20,376,729
Wildlife Resources Commission	0	17,721,179	778,821	18,500,000		18,500,000
<b>Total Natural &amp; Economic Resources</b>	<b>479,788,478</b>	<b>(134,153,809)</b>	<b>42,756,690</b>	<b>(91,397,119)</b>	<b>(247)</b>	<b>388,391,359</b>
<b>General Government</b>						
Administration	69,700,026	(5,219,007)	0	(5,219,007)	(79.52)	64,481,019
Auditor	13,063,656	(1,978,076)	0	(1,978,076)	(23.00)	11,085,580
Cultural Resources	72,664,633	(8,882,105)	0	(8,882,105)	(97.26)	63,782,528
Cultural Resources - Roanoke Island Comm.	2,406,982	(1,203,491)	0	(1,203,491)		1,203,491
General Assembly	54,593,047	(9,176,399)	2,572,506	(6,603,893)	(12.00)	47,989,154
Governor	6,189,478	(946,146)	0	(946,146)	(13.00)	5,243,332
Housing Finance Agency	13,877,996	(4,204,945)	0	(4,204,945)		9,673,051
Insurance	33,458,756	2,935,165	0	2,935,165	(3.00)	36,393,921
Insurance - Worker's Compensation Fund	4,500,000	(706,000)	(1,500,000)	(2,206,000)		2,294,000
Lieutenant Governor	954,868	(387,135)	0	(387,135)	(6.00)	567,733
Office of Administrative Hearings	4,328,822	655,049	0	655,049	8.68	4,983,871
Revenue	88,370,399	(10,049,128)	0	(10,049,128)	(106.00)	78,321,271
Secretary of State	11,076,972	(1,857,376)	0	(1,857,376)	(30.00)	9,219,596
State Board of Elections	6,189,011	(2,095,417)	0	(2,095,417)	(26.00)	4,093,594
State Budget and Management (OSBM)	6,963,796	(1,115,133)	0	(1,115,133)	(6.00)	5,848,663
OSBM - Special Appropriations	5,934,311	(5,493,699)	1,500,000	(3,993,699)	(13.00)	1,940,612
State Controller	32,517,077	(4,139,584)	(608,536)	(4,748,120)	(18.50)	27,768,957
Treasurer - Operations	10,538,203	(3,881,172)	0	(3,881,172)	(36.00)	6,657,031
Treasurer - Fire/Rescue Retirement	17,812,114	0	0	0		17,812,114
<b>Total General Government</b>	<b>455,140,147</b>	<b>(57,744,599)</b>	<b>1,963,970</b>	<b>(55,780,629)</b>	<b>(460.60)</b>	<b>399,359,518</b>

# SUMMARY OF GENERAL FUND APPROPRIATIONS

2011 Legislative Session: Fiscal Year 2011-12

	Gov's Recommended Continuation Budget	Legislative Adjustments			FTE Changes	Revised Appropriation 2011-12
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
<b>Debt Service and Statewide Reserves</b>						
<b>Debt Service</b>						
Interest / Redemption	705,905,183	(16,947,995)	0	(16,947,995)	0.00	688,957,188
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
<b>Subtotal Debt Service</b>	<b>707,521,563</b>	<b>(16,947,995)</b>	<b>0</b>	<b>(16,947,995)</b>	<b>0.00</b>	<b>690,573,568</b>
<b>Statewide Reserves</b>						
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
State Retirement System Contributions	0	297,400,000		297,400,000		297,400,000
Judicial Retirement System Contribution	0	7,900,000	0	7,900,000		7,900,000
Firemen & Rescue Squad Workers Pension Fund		5,800,000	0	5,800,000		5,800,000
National Guard Pension Fund		263,000	0	263,000		263,000
State Health Plan	0	11,725,587		11,725,587		11,725,587
Information Technology Fund	7,840,000	(1,537,574)	(1,844,284)	(3,381,858)		4,458,142
Job Development Investment Grants (JDIG)	27,400,000	0	(7,000,000)	(7,000,000)		20,400,000
Continuation Review Reserve						
Review of Compensation Plans			2,000,000	2,000,000		2,000,000
Severance Expenditure Reserve	0		75,000,000	75,000,000		75,000,000
<b>Subtotal Statewide Reserves</b>	<b>40,240,000</b>	<b>321,551,013</b>	<b>68,155,716</b>	<b>389,706,729</b>	<b>0.00</b>	<b>429,946,729</b>
<b>Total Reserves and Debt Service</b>	<b>747,761,563</b>	<b>304,603,018</b>	<b>68,155,716</b>	<b>372,758,734</b>	<b>0.00</b>	<b>1,120,520,297</b>
<b>Total General Fund for Operations</b>	<b>20,820,687,612</b>	<b>(1,388,321,704)</b>	<b>(135,867,845)</b>	<b>(1,524,189,549)</b>	<b>401</b>	<b>19,296,498,063</b>
<b>Capital Improvements</b>						
Water Resources Development Projects	0	0	4,535,000	4,535,000	0.00	4,535,000
<b>Total Capital Improvements</b>	<b>0</b>	<b>0</b>	<b>4,535,000</b>	<b>4,535,000</b>	<b>0.00</b>	<b>4,535,000</b>
<b>Total General Fund Budget</b>	<b>20,820,687,612</b>	<b>(1,388,321,704)</b>	<b>(131,332,845)</b>	<b>(1,519,654,549)</b>	<b>401.47</b>	<b>19,301,033,063</b>

SUMMARY OF GENERAL FUND APPROPRIATIONS						
2011 Legislative Session: Fiscal Year 2012-13						
	Gov's Recommended Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Legislative Adjustments Net Changes	FTE Changes	Revised Appropriation 2012-13
<b>Education</b>						
Community Colleges	1,102,475,214	(110,956,354)	0	(110,956,354)	(25.00)	991,518,860
Public Education	7,923,543,951	(597,952,684)	(137,417,147)	(735,369,831)	(85.00)	7,188,174,120
University System	2,886,730,386	(402,987,328)	(44,011,882)	(446,999,210)	205.80	2,439,731,176
<b>Total Education</b>	<b>11,912,749,551</b>	<b>(1,111,896,366)</b>	<b>(181,429,029)</b>	<b>(1,293,325,395)</b>	<b>95.80</b>	<b>10,619,424,156</b>
<b>Health and Human Services</b>						
Central Management and Support	70,229,335	(23,675,913)	0	(23,675,913)	(38.00)	46,553,422
Aging and Adult Services	37,419,667	(400,000)	0	(400,000)		37,019,667
Blind and Deaf/ Hard of Hearing Services	8,372,886	(500,000)	0	(500,000)	(15.00)	7,872,886
Child Development	261,759,600	10,695,977	(6,352,644)	4,343,333		266,102,933
Health Service Regulation	17,925,590	0	(1,792,559)	(1,792,559)		16,133,031
Medical Assistance	3,314,539,538	(382,523,695)	(24,739,541)	(407,263,236)	(40.00)	2,907,276,302
Mental Health, Dev. Disabilities and Sub. Abuse	723,675,112	(13,332,315)	0	(13,332,315)	(7.00)	710,342,797
NC Health Choice	88,373,806	(4,655,941)	0	(4,655,941)		83,717,865
Public Health	161,930,589	(4,391,755)	0	(4,391,755)	(25.00)	157,538,834
Social Services	202,245,063	(17,167,995)	0	(17,167,995)	(2.00)	185,077,068
Vocational Rehabilitation	41,654,578	(2,058,522)	(2,067,928)	(4,126,450)	(5.00)	37,528,128
<b>Total Health and Human Services</b>	<b>4,928,125,764</b>	<b>(438,010,159)</b>	<b>(34,952,672)</b>	<b>(472,962,831)</b>	<b>(132.00)</b>	<b>4,455,162,933</b>
<b>Justice and Public Safety</b>						
Correction	1,418,867,332	(57,090,420)	(11,153,612)	(68,244,032)	(490.00)	1,350,623,300
Crime Control & Public Safety	34,175,427	185,525,607	0	185,525,607	2,186.75	219,701,034
Judicial Department	477,189,575	(41,578,276)	(1,681,000)	(43,259,276)	(411.00)	433,930,299
Judicial - Indigent Defense	122,770,246	(13,927,670)	0	(13,927,670)	(11.40)	108,842,576
Justice	89,670,944	(7,692,907)	0	(7,692,907)	(91.31)	81,978,037
Juvenile Justice & Delinquency Prevention	151,295,187	(19,885,435)	0	(19,885,435)	(275.60)	131,409,752
<b>Total Justice and Public Safety</b>	<b>2,293,968,711</b>	<b>45,350,899</b>	<b>(12,834,612)</b>	<b>32,516,287</b>	<b>907.44</b>	<b>2,326,484,998</b>

SUMMARY OF GENERAL FUND APPROPRIATIONS						
2011 Legislative Session: Fiscal Year 2012-13						
	Gov's Recommended Continuation Budget	Legislative Adjustments				Revised Appropriation 2012-13
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	
<b>Natural and Economic Resources</b>						
Agriculture and Consumer Services	61,754,014	(3,152,250)	0	(3,152,250)	(46.00)	58,601,764
Commerce	38,907,381	(7,122,058)	0	(7,122,058)	(22.00)	31,785,323
Commerce - State Aid	31,169,289	(9,441,575)	0	(9,441,575)		21,727,714
Environment and Natural Resources	188,972,401	(34,985,577)	(6,000,000)	(40,985,577)	(815.45)	147,986,824
Clean Water Mgmt. Trust Fund	100,000,000	(90,000,000)	0	(90,000,000)		10,000,000
Labor	16,842,679	(999,748)	0	(999,748)	(9.00)	15,842,931
NC Biotechnology Center	19,501,900	(1,950,190)	0	(1,950,190)		17,551,710
Rural Economic Development Center	22,640,814	(2,264,085)	0	(2,264,085)		20,376,729
Wildlife Resources Commission	0	17,721,179	0	17,721,179		17,721,179
<b>Total Natural and Economic Resources</b>	<b>479,788,478</b>	<b>(132,194,304)</b>	<b>(6,000,000)</b>	<b>(138,194,304)</b>	<b>(892)</b>	<b>341,594,174</b>
<b>General Government</b>						
Administration	69,700,026	(3,314,877)	0	(3,314,877)	(79.52)	66,385,149
Auditor	13,063,656	(3,159,615)	0	(3,159,615)	(36.00)	9,904,041
Cultural Resources	72,664,633	(9,525,383)	0	(9,525,383)	(117.76)	63,139,250
Cultural Resources - Roanoke Island Comm.	2,406,982	(2,406,982)	0	(2,406,982)		0
General Assembly	54,593,047	(7,892,380)	0	(7,892,380)	(50.75)	46,700,667
Governor	6,189,478	(946,146)	0	(946,146)	(13.00)	5,243,332
Housing Finance Agency	13,877,996	(4,204,945)	0	(4,204,945)		9,673,051
Insurance	33,458,756	2,935,165	0	2,935,165	(3.00)	36,393,921
Insurance - Worker's Compensation Fund	4,500,000	(1,876,346)	0	(1,876,346)		2,623,654
Lieutenant Governor	954,868	(387,135)	0	(387,135)	(6.00)	567,733
Office of Administrative Hearings	4,328,822	655,049	0	655,049	8.68	4,983,871
Revenue	88,370,399	(10,049,128)	0	(10,049,128)	(106.00)	78,321,271
Secretary of State	11,076,972	(1,857,376)	0	(1,857,376)	(30.00)	9,219,596
State Board of Elections	6,189,011	(2,155,417)	0	(2,155,417)	(26.00)	4,033,594
State Budget and Management (OSBM)	6,963,796	(1,115,133)	0	(1,115,133)	(6.00)	5,848,663
OSBM - Special Appropriations	5,934,311	(5,493,699)	0	(5,493,699)	(13.00)	440,612
State Controller	32,517,077	(4,139,584)	(608,536)	(4,748,120)	(18.50)	27,768,957
Treasurer - Operations	10,538,203	(3,916,453)	0	(3,916,453)	(36.00)	6,621,750
Treasurer - Fire/Rescue Retirement	17,812,114	0	0	0		17,812,114
<b>Total General Government</b>	<b>455,140,147</b>	<b>(58,850,385)</b>	<b>(608,536)</b>	<b>(59,458,921)</b>	<b>(532.85)</b>	<b>395,681,226</b>



SUMMARY OF GENERAL FUND APPROPRIATIONS						
2011 Legislative Session: Fiscal Year 2012-13						
	Gov's Recommended Continuation Budget	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	FTE Changes	Revised Appropriation 2012-13
<b>Debt Service and Statewide Reserves</b>						
<b>Debt Service:</b>						
Interest / Redemption	705,905,183	54,079,791	0	54,079,791	0.00	759,984,974
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
<b>Subtotal Debt Service</b>	<b>707,521,563</b>	<b>54,079,791</b>	<b>0</b>	<b>54,079,791</b>	<b>0.00</b>	<b>761,601,354</b>
<b>Statewide Reserves:</b>						
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
State Retirement System Contributions	0	404,200,000		404,200,000		404,200,000
Judicial Retirement System Contribution	0	9,000,000	0	9,000,000		9,000,000
Firemen & Rescue Squad Workers Pension Fund		6,900,000	0	6,900,000		6,900,000
National Guard Pension Fund		523,000	0	523,000		523,000
State Health Plan	0	109,480,158		109,480,158		109,480,158
Information Technology Fund	7,840,000	162,426	(1,844,284)	(1,681,858)		6,158,142
Job Development Investment Grants (JDIG)	27,400,000	0	0	0		27,400,000
Continuation Review Reserve			36,738,931	36,738,931		36,738,931
Severance Expenditure Reserve	0		0	0		0
<b>Subtotal Statewide Reserves</b>	<b>40,240,000</b>	<b>530,265,584</b>	<b>34,894,647</b>	<b>565,160,231</b>	<b>0.00</b>	<b>605,400,231</b>
<b>Total Reserves and Debt Service</b>	<b>747,761,563</b>	<b>584,345,375</b>	<b>34,894,647</b>	<b>619,240,022</b>	<b>0.00</b>	<b>1,367,001,585</b>
<b>Total General Fund for Operations</b>	<b>20,817,534,214</b>	<b>(1,111,254,939)</b>	<b>(200,930,202)</b>	<b>(1,312,185,141)</b>	<b>(554.06)</b>	<b>19,505,349,073</b>
<b>Capital Improvements</b>						
Water Resources Development Projects	0	0	0	0	0.00	0
<b>Total Capital Improvements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>Total General Fund Budget</b>	<b>20,817,534,214</b>	<b>(1,111,254,939)</b>	<b>(200,930,202)</b>	<b>(1,312,185,141)</b>	<b>(554.06)</b>	<b>19,505,349,073</b>

# **EDUCATION**

## **Section F**

## Public Education

	GENERAL FUND	
	FY 11-12	FY 12-13
Recommended Budget	\$7,923,543,951	\$7,923,543,951

## Legislative Changes

## A. Technical Adjustments

**1 ADM Adjustment**

\$55,882,651	R	\$143,087,414	R
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Fully funds both years of average daily membership (ADM) growth for public schools, providing \$55.8 million in FY 2011-12 and \$143.1 million in FY 2012-13. This adjustment, which accounts for changes in multiple allotments, has traditionally been included in the continuation budget.

**2 Average Salary Adjustment**

(\$21,838,817)	R	(\$22,040,287)	R
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Adjusts several budget lines to account for the decrease in average salaries between FY 2009-10 and FY 2010-11. This adjustment has traditionally been included in the continuation budget.

**3 Children With Disabilities Headcount Adjustment**

(\$7,000,000)	R	(\$7,000,000)	R
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Reduces the Children With Disabilities allotment by \$7.0 million in anticipation of the April headcount being less than the budgeted headcount. This adjustment is intended to reflect actual student headcount and not reduce funding per student. This adjustment will leave \$687.9 million in FY 2011-12 and \$689.0 million in FY 2012-13.

## B. Other Public School Funding Adjustments

**4 LEA Adjustment**

(\$42,123,478)	R	(\$105,696,322)	R
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Increases the LEA Adjustment reduction by \$42.1 million in FY 2011-12 and by \$105.7 million in FY 2012-13. The State Board of Education will distribute this reduction to all LEAs and charter schools on the basis of ADM. LEAs and charters will then be responsible for identifying budget reductions in order to meet their share of the LEA Adjustment. LEAs are expected to utilize federal EduJobs availability to minimize reducing position allotments. The total LEA Adjustment will be \$346.9 million in FY 2011-12 and \$410.4 million in FY 2012-13.

**5 Teacher Assistants**

(\$255,197,482)	R	(\$250,743,602)	R
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Funds teacher assistants on the basis of ADM in grades K-1 only and adjusts the per student funding amount. Previously, teacher assistants were funded on the basis of ADM in grades K-3. LEAs will still have the discretion to place teacher assistants in classrooms serving grades K-3. \$272.6 million will be available in FY 2011-12 and \$293.7 million will be available in FY 2012-13 to fund teacher assistants.

**6 Education Reform Studies**

Provides \$1.0 million of nonrecurring funding for various studies of educational policies across all levels of education. Funding will be available to hire an outside consultant to examine various topics. Additional detail on the topics of study can be found in Section 7.1.

\$1,000,000 NR

**7 Testing**

Eliminates funding for four End of Course tests eliminated by S.L. 2011-8 and not required by federal law. Those tests are United States History, Civics and Economics, Algebra II, and Physical Science. The remaining testing funds are then reduced a further 10%, leaving \$8.8 million available for testing in each year of the biennium.

(\$2,725,029) R (\$2,729,677) R

**8 Dropout Prevention Grants**

Eliminates funding for the Dropout Prevention Grant program.

(\$13,290,683) R (\$13,290,683) R

**9 Student Diagnostics**

Eliminates funding for the Student Diagnostics pilot program.

(\$10,000,000) R (\$10,000,000) R

**10 Learn & Earn Virtual Schools**

Eliminates funding provided to four schools to provide on-line access to Learn & Earn. Students in affected schools will retain access to Learn & Earn Online courses provided through the Community College system.

(\$1,000,000) R (\$1,000,000) R

**11 Learn & Earn Online**

Eliminates funding for Learn & Earn Online courses provided through the UNC system. Funding remains within the Community College budget to provide Learn & Earn Online courses provided through the Community College system.

(\$4,875,000) R (\$4,875,000) R

**12 At-Risk Student Services**

Reduces the At-Risk Student Services allotment by 12% in each year of the biennium. The At-Risk Student Services will be funded at \$220.8 million in FY 2011-12 and at \$222.0 million in FY 2012-13.

(\$30,215,891) R (\$30,374,711) R

**13 Noninstructional Support Personnel**

Reduces this allotment, which supports clerical, janitorial, substitute teaching, and other personnel, by 15% in both years of the biennium. \$337.1 million will remain in this allotment in FY 2011-12 and \$340.3 million will remain in FY 2012-13.

(\$59,497,471) R (\$60,054,792) R

**14 Textbooks**

Reduces funding for textbooks. A related provision prohibits the State Board of Education from adopting any new textbooks throughout the biennium. \$23.0 million will remain in this allotment in FY 2011-12 and \$24.7 million will remain available in FY 2012-13.

(\$13,000,000) R (\$13,000,000) R  
(\$79,621,968) NR (\$79,000,000) NR

## House Subcommittee on Education

	<b>FY 11-12</b>		<b>FY 12-13</b>	
<b>15 Instructional Supplies</b>	(\$3,450,000)	R	(\$3,450,000)	R
Reduces funding for this allotment by approximately 46%. \$49.3 million will remain in this allotment in FY 2011-12 and \$50.2 million will remain available in FY 2012-13.	(\$38,520,358)	NR	(\$38,417,147)	NR
<b>16 Academically or Intellectually Gifted</b>	(\$6,480,111)	R	(\$6,559,558)	R
Reduces funding for this allotment by approximately 9%. \$64.2 million will remain in this allotment in FY 2011-12 and \$64.8 million will remain in FY 2012-13.				
<b>17 Central Office Administration</b>	(\$10,757,059)	R	(\$10,784,059)	R
Reduces the allotment to LEAs for the salaries and benefits of central office staff by 10%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. \$96.8 million will remain to support these local staff in FY 2011-12 and \$97.0 million will remain available in FY 2012-13.				
<b>18 School Building Administration</b>	(\$19,580,256)	R	(\$19,813,016)	R
Reduces the funding for assistant principal months of employment by approximately 16.6%. This reduction does not reduce any guaranteed principal positions. \$307.0 million will remain in this allotment in FY 2011-12 and \$309.2 million will remain available in FY 2012-13.				
<b>19 Instructional Support</b>	(\$17,934,278)	R	(\$18,180,222)	R
Reduces this allotment, which supports guidance counselors, social workers, media specialists, and other miscellaneous personnel, by approximately 4%. \$440.8 million will remain in this allotment in FY 2011-12 and \$444.8 million will remain available in FY 2012-13.				
<b>20 Limited English Proficiency</b>	(\$7,505,512)	R	(\$8,114,226)	R
Reduces funding for the program by 10% in both years of the biennium. \$67.5 million will remain in this allotment in FY 2011-12 and \$73.0 million will remain in FY 2012-13.				
<b>21 Transportation</b>	(\$20,680,229)	R	(\$20,884,532)	R
Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 10%. \$392.9 million will remain in this allotment in FY 2011-12 and \$396.8 million will remain available in FY 2012-13.				
<b>22 School Bus Replacement</b>	(\$20,000,000)	NR	(\$20,000,000)	NR
Reduces funding for State replacement of school buses in excess of 20 years old or 200,000 miles of service. The \$36.8 million that will remain is sufficient to support all financing payments due for previously purchased buses and to purchase approximately 700 of the 1,587 buses slated for replacement.				

## House Subcommittee on Education

	<b>FY 11-12</b>		<b>FY 12-13</b>	
<b>23 Mentoring</b>	(\$9,214,190)	R	(\$9,214,190)	R
Eliminates funding for this allotment. School districts may use State and other funding sources to provide mentoring services for beginning teachers.				
<b>24 School Technology Fund</b>	(\$10,000,000)	R	(\$10,000,000)	R
Eliminates General Fund support for this purpose. An additional \$18.0 million for the Fund will remain available from the proceeds of the Civil Penalty and Forfeiture Fund.				
<b>25 Staff Development</b>	(\$12,565,063)	R	(\$12,626,995)	R
Eliminates funding for this allotment. School districts may use State and other funding sources to support professional development.				
<b>26 Uniform Education Reporting System</b>	(\$2,336,859)	R	(\$2,336,859)	R
Reduces funding for the Uniform Education Reporting System (UERS) and the related NC WISE system as it moves into an operations and maintenance phase. This adjustment will leave \$10.0 million in annual appropriations available for UERS operations.				
<b>27 More at Four Funding Reduction</b>	(\$16,000,000)	R	(\$16,000,000)	R
Reduces More at Four General Fund support by \$16 million, or approximately 20%.				
<b>28 More at Four Transfer</b>	(\$65,011,651)	R	(\$65,011,651)	R
Transfers the remaining \$65 million in General Fund appropriations to the Department of Health and Human Service's Division of Child Development (DCD) to provide a dedicated high-quality pre-K program within its Child Care Subsidy program. In addition, Section 5.4 of the budget bill redirects \$63 million in Lottery funding for the program to DCD. A related provision in Section 10.7 of the bill details the particulars of the transfer.				
<b>29 Geographically Isolated Schools Allotment</b>	(\$192,035)	R	(\$411,503)	R
Phases out support for the additional teaching positions provided to one school district with the characteristics required under Section 7.26 of S.L. 2009-451, as amended.				
<b>30 Liability Insurance for Public School Personnel</b>	\$3,700,000	R	\$3,700,000	R
Establishes a single State-funded liability insurance policy for all North Carolina public schools employees. The State Board of Education shall use funding provided to establish this policy with the North Carolina Department of Public Instruction serving as the master policy holder.				
<b>31 JOBS Commission Schools</b>	(\$200,000)	R	(\$200,000)	R
Eliminates planning funding for these two schools which will open in the 2011-12 school year.				
<b>32 Learn and Earn Early College High Schools</b>	\$200,000	R	\$200,000	R
Transfers planning funding for the two schools recommended by the JOBS Commission. These schools shall be eligible for Learn and Earn Early College allotment funding.				

**C. Pass-through Funds****33 Teacher Cadet**

(\$34,000) R

(\$34,000) R

Reduces State support for this program by 10%.

**34 Science Olympiad**

(\$127,500) R

(\$127,500) R

\$127,500 NR

Provides an additional year of nonrecurring funds for North Carolina Science Olympiad, a nonprofit organization, to sponsor tournaments and continue to support the number of schools participating in the program. It is the intent of the General Assembly that NC Science Olympiad will replace State funding with other forms of support in FY 2012-13.

**35 Kids Voting**

(\$50,000) R

(\$50,000) R

Eliminates State support for this program.

**36 NC Science, Math and Technical Education Center**

(\$100,000) R

(\$100,000) R

Eliminates State support for the North Carolina Science, Mathematics and Technology Education Center, Inc.

**37 Tarheel Challenge**

(\$76,772) R

(\$76,772) R

Reduces program funding by 10%, providing \$690,947 in State support that is used to match federal funds. The program is a quasi-military program for high school dropouts or expellees.

**38 Tarheel Challenge Academy**

Provides funds for the phase one construction of the National Guard Tarheel Challenge Academy site in Badin, NC.

\$250,000 NR

**39 PTA Parent Involvement**

Provides funds for the North Carolina Congress of Parents and Teachers, Incorporated, a nonprofit organization, to continue the North Carolina PTA Parent Involvement Initiative.

\$300,000 NR

**40 Teaching Fellows Fund**

(\$210,000) R

(\$210,000) R

Reduces the General Fund appropriation for the Teaching Fellows Fund. This reduction reflects a decrease in funds available for administrative costs associated with the Teaching Fellows Program. There shall be no decrease in funds available for scholarships.

**D. Department of Public Instruction****41 DPI Management Flexibility Reduction**

(\$6,403,751) R

(\$6,403,751) R

Enables the Department to identify staffing and operating efficiencies.

**42 Learn and Earn Administration**

(\$139,050) R

(\$139,050) R

Eliminates the State-funded position at DPI supporting Learn & Earn Online.

-1.00

-1.00

## House Subcommittee on Education

	<b>FY 11-12</b>		<b>FY 12-13</b>	
<b>43 Governor's Education Cabinet</b>	(\$206,063)	R	(\$206,063)	R
Eliminates funding for the 2.0 positions that DPI provides to support the NC Education Cabinet housed in the Office of the Governor.	-2.00		-2.00	
<b>44 Teacher Academy</b>	(\$4,762,874)	R	(\$4,762,874)	R
Eliminates State funding for the Teacher Academy, a provider of professional development services for teachers.	-14.00		-14.00	
<b>45 North Carolina Center for the Advancement of Teaching (NCCAT)</b>	(\$5,102,495)	R	(\$5,102,495)	R
Reduces State funding for NCCAT, a provider of professional development services for teachers.	-67.00		-67.00	
<b>46 Connectivity</b>	(\$794,675)	R	(\$794,675)	R
Eliminates the \$350,000 annual transfer from Connectivity to support the e-Learning Portal. Eliminates the \$300,000 annual transfer from Connectivity to support the evaluation of the Connectivity initiative. An additional \$144,675 is reduced from other Connectivity funding. \$19.5 million will remain to support the Connectivity initiative.				
<b>47 Residential Schools for the Deaf and Blind</b>	(\$1,554,181)	R	(\$1,554,181)	R
Reduces funding for the residential schools for the deaf and blind by 5%. Approximately \$32.1 million will remain available to support the three residential campuses in Morganton, Raleigh, and Wilson.				
<b>48 Governor's Schools</b>			(\$849,588)	R
Eliminates State funding for the Governor's Schools. A related provision in Section 7.9 provides the State Board with the discretion to make the program receipt-supported beginning with the summer 2012 program. Funding remains available to provide the program in summer 2011.				
<b>49 Eliminate Superintendent of Residential Schools for the Deaf and Blind</b>	(\$137,264)	R	(\$137,264)	R
Eliminates State funding for the superintendent of residential schools position within DPI. A related provision in Section 7.25 uses these funds to designate one school director as the superintendent of residential schools and supplement the salary of that position and remaining funds to offset other cuts.	-1.00		-1.00	
<b>Total Legislative Changes</b>	<b>(\$622,587,068)</b>	<b>R</b>	<b>(\$597,952,684)</b>	<b>R</b>
	<b>(\$136,464,826)</b>	<b>NR</b>	<b>(\$137,417,147)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-85.00</b>		<b>-85.00</b>	
<b>Revised Budget</b>	<b>\$7,164,492,057</b>		<b>\$7,188,174,120</b>	



## Health and Human Services

		GENERAL FUND	
		FY 11-12	FY 12-13
<b>Recommended Budget</b>		<b>\$4,927,739,648</b>	<b>\$4,928,125,764</b>
<b>Legislative Changes</b>			
<b>( 1.0) Division of Child Development</b>			
<b>1 Pre-kindergarten Funds Transfer</b>		\$65,011,651 R	\$65,011,651 R
Transfers \$65,011,651 from the Department of Public Instruction to Department of Health and Human Services to operate a pre-kindergarten program within the Division of Child Development. Additionally, lottery funds will be allocated in the amount of \$63,135,709 for the continued payment of a high quality pre-kindergarten program.			
Sec. 10.7			
<b>7 More At Four Match</b>		(\$1,305,008) R	(\$1,305,008) R
Discontinues payment for the instructional day of More At Four students by child care subsidy funds. The combination of changing various policies (items 6-9) will result in a net reduction of \$9.7M, leaving approximately \$54M.			
<b>14 North Carolina High School Athletic Association</b>		(\$369,435) R	(\$369,435) R
Eliminates the grant-in-aid for the North Carolina High School Athletic Association.			

**56 Driver Education Program - Reduce Appropriated Transfer**

(\$8,686,671) R (\$8,775,989) R

Authorizes local education agencies (LEAs) to assess fees of up to seventy-five dollars (\$75.00) to program participants. Highway Fund appropriations are reduced per projected revenues of \$8,686,671 in FY 2011-12 and \$8,775,989 in FY 2012-13. Estimates are based on projected ninth-grade average daily membership and reported enrollment from fiscal years 2007-08 through 2009-10. Highway Fund appropriations total \$23,335,293 for FY 2011-12 and \$23,245,975 for FY 2012-13.

## Statewide Reserves

		GENERAL FUND	
		FY 11-12	FY 12-13
Recommended Budget		\$747,761,563	\$747,761,563
<b>Legislative Changes</b>			
<b>A. Employee Benefits</b>			
<b>1 Severance Expenditure Reserve</b>			
Provides funding for severance salary continuation payments and health benefit coverage under the State Health Plan for employees reduced-in-force.	\$75,000,000	NR	
<b>2 Comprehensive Review of Public Employee Compensation Plans</b>			
Provides funding for a comprehensive review of public employee compensation plans as directed by this Act.	\$2,000,000	NR	
<b>7 State Health Plan</b>	\$11,725,587	R	\$109,480,158 R
Provides additional funding to continue health benefit coverage for enrolled active and retired employees supported by the General Fund for the FY 2011-13 biennium.			